Takeaways: CEO Neil Cole absolutely crushed it. Sees his business as a compounder roll-up. Read Outsiders and loved it. He owns 5% of the company at $2bn market cap. In 3 years he wants to own 10% of the Company and for it to have a $5bn market cap. When he finds a good deal he can't sleep at night. Clearly thinking and acting like an owner. He is good friends with M Franklin and mimics what he does. No longer in fear that size is a mitigating factor. We could see a huge deal with stock. Looking to recut ownership deal with Schultz family before Peanuts movie in 2015. Peanuts is their biggest brand at $80mn and he think this will be $150mn in 2015 – could be $300mn in the future.

Business Model & Outlook

- Business model has proven it works. Have been doing this for 7-8 years.
- They only do M&A where they have sales in place for 3-4 years and generated sufficient EBITDA from the deals.
- He tried this same brand mgmt business in 1985 and 1991 and failed both times as he wasn't able to garner enough scale.
- 5-10 years ago there were no brand mgmt companies – now there are 5-10 competitors. Forcing him to be a little more creative with deals. Look overseas.
- He hates fashion, seasonality, dealer with designers and purchasing agents.
- ICON is just a "specialized" brand manager/ad agency. Kind've like an Ogilvy, but they own their brands.
- Neil Cole – proclaims what he is best at is promoting. Thinks his core competency is building brand excitement.
- Martin Franklin is a good friend. They travel together. He admires what Franklin does in terms of financial engineering and copies whatever he does.
- Franklin did a convert and a Dutch tender offer for shares so ICON did the same thing.
- Both use the same bankers at Barclays.
- In Yankee deal Franklin proved that scale should limit deal size. You can announce a great deal and the synergies than do a secondary and capitalize on cheaper equity.

Visions & M&A

- Continue to acquire great assets.
- $ is cheap and banks are tripping over themselves to give him $.
- Goal is to have a deal pay for itself in 6-7 years and then own the brand in perpetuity for "free"
- Would be willing to take debt to 6-7x ND/EBITDA – depends on the opportunity.
- Thinks about debt on a deal by deal basis. As all self-financed by brand.
- It's a lot easier to do deals and execute the business model now that they have scale.
- Thinks organic growth for his business is LSD. But, this is an acquisition company – organic growth really doesn't matter. He is focused on doing M&A and moving the needle that way.
- ICON focused on doing deals of $250mn or larger now. Thinks all deals take the same amount of time.
- Believes scale is very important.
- Have worked on several deals that didn't work..such as Jones Company, IMG, etc.

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- Suggest we look at the past to predict how ICON will source deals in the future – orphans, auctions, liquidations.

Ownership Mindset
- Neil Cole thinks like an owner. He owns 5% of the stock and he wants to own day own 10% of the Company.
- His vision is that ICON will be a $5bn market cap in 3 years and that he will own 10% of it.
- Articulated he likes buyback because he owns more it.
- Each deal he looks at pays itself off in 7 years and then he can own brands for the rest of his kids' lives.

Capital Allocation
- Company has $500mn cash right now. That's $0.50 EPS.
- He thinks of that as basically $0.10 EPS per $100mn of cash.
- He has no idea why sell-side doesn't give him any credit.
- Doesn't make sense to just grow EPS by organic growth of his company and give them no credit for cash and/or cash flow.
- Re-iterates if people want to predict future they should look at the past.
- He spends ½ of his time looking at deals. He has done 30 deals and more are to come.
- He doesn't sleep when he sees a good opportunity until the deal is done.

DTRs
- The DTRs are a great business. He approached WMT and TGT ~8 years ago and pitched them on the idea of having recognizable brand names instead of their private label.
- Overnight, WMT converted $6-7bn of sales to DTRs with Iconix and they have since become hooked.
- They think of them as their own brands. All have the procurement team, manufacturing. DTRs are higher ROIC for them than non-branded private label.
- World of AMZN and GOOG retailers need exclusive product and control over pricing. DTRs worth more than ever.
- Big box retailers are great customers. They get addicted to DTR deals.
- He is not worried about losing any DTRs. Most relationships are >10 years and not going away.
- If they lose a DTR they can shop it to other retailers.
- Biggest risk is Sears. Concerned about what Lambert is doing. This is $30-35mn of their sales. Already thinking about whom else would take Mudd, other brands.
- ICON does $2.5bn of WMT's $18bn sales. ICON gets 2-3% of that.
- Any brand is only $5-10mn exposure and can be put with different retailers.
- Feels very good about DTRs. Nothing dramatic out there.

Men's Brands
- They messed up during the financial crisis – bought some brands – Ecko, Ed Hardy, RocaWear that haven't been around for 100 years like they usually buy.
- They have suffered headwinds from these brands. However, the sales have bottomed.

- They have new distribution partners and see a path to ~$50mn of additional sales from international and new retail agreements.
- Only 1 brand really has any risk left.

Management
- He usually buys brands and owners/founders leave in 2-3 years.
- Most brand managers are entrepreneurs and don't want to work for Iconix.
- He has a very skilled team of managers that help him manage this transition.

Peanuts
- This is the biggest opportunity the Company has for organic growth.
- Could be absolute game changer.
- Steve Martino – best director doing the movie. Was a Grammy winner for Ice Age.
- FOX is spending $200-300mn marketing for the movie all over the world.
- Believe box office could be a $1 billion opportunity. ICON gets a different split than normal on this deal. No more color.
- Thinks there is long term potential for Peanuts to do $300mn in sales or in-line with Hello Kitty.
- It is currently at $80mn in sales and thinks this will be $150mn in 2015 with movie and other stuff.
- Right now busy talking to partners for Peanuts brand. Want them to be committed to fresh product before and after the movie.
- Also, looking to restructure agreement with Schultz family – currently only getting 30% of EBITDA vs. 70% at other brands.
- It's been hard to get a better deal, but believe ICON deserves more of economics as they are taking all the risk.
- 7 family members now own a stake, with staggered control in Peanuts.
- Big oppty is if grandmother passes away. She has ~50% of shares.
- Tried to buy them out 2 years ago. Schultz family wanted ICON to come meet with all parties. Not reasonable.
- Peanuts have ~80 employees when ICON bought it. They now have 8 people. When Schultz family negged him on previous buyout attempt Cole fired 18 long tenured employees at the Company to show family he meant business.
- Cole feels like he needs to scale up his Peanuts staff for the movie and doesn't want to take all the risk w/o more upside.
- Family has been getting $30mn yr. in revenue so ICON might look to guarantee them that and take more of the upside.
- Hello Kitty has 80 people, ICON has 8 people right now.
- Popeye and Betty Boob are being shopped. If Schultz family wants to play hard ball he can threaten to buy those brands and re-focus his energy around building these brands instead.